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Some considerations regarding the international real estate market – present and future predictions

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Abstract

The purpose of this paper is to analyze the situation of the real estate market worldwide, to identify the main characteristics that influence the decision to invest, to find the correlation between the real estate market and the financial one and to present the most recent estimations regarding the future evolution of the international real estate market. The financial crisis that began in the second half of the last decade created imbalances in all the fields of the economic and social life and provoked very interesting mutations. The international real estate market was confronted with important changes of rhythm, as dimensions and structures, as well as intervention levers. Some effects of the generalized economic crisis such as: the growth of the unemployment rate, the reduction of the purchasing power or the intensification of the migration process of the active population have deepened the gaps between the rhythms of the dynamics of the real estate investments at a national level and they led to the most unexpected decisions. In the last several years, the imbalances between the financial market and the monetary market generated instabilities at a world scale and speculative policies, that in some countries accentuated the uncertainties and they delayed the start towards economic revival, and in other countries they constituted strong points in redefining future strategies for development. From a geographical point of view, the new map of the real estate markets will offer a completely different from the one that existed until 2007. A new generation of “Asian tigers” looks to dominate the real estate market and countries like Qatar, Chile or India will define themselves as area of maximum interest for the real estate investors.

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1. Introduction

In the last two decades, the real estate market, just like all the global economic segments, was confronted with important mutations, under the aspect of dimension and structure and under the aspect of the intervention levers that in a moment or another have triggered real revolutions. The internationalization of the national economies, the liberalization of the circulation of the work force, the permanent redefining of the monetary and fiscal policies, the increasing of the role of the direct foreign investments or the changing of the consumers' preferences are just a few landmarks that have shaped during the years a certain profile of the real estate market. This market is conditioned in a crucial manner by the state of health of the financial market. Without a healthy financial system, in which the governments play a decisive role in creating and maintaining it, it is difficult to mobilize the economies or to budget the capitals in an efficient manner (Stiglitz, 1999). In the last twenty years, the globalization of the financing has a significant contribution to the economic growth at a global level. Still, the globalization phenomenon has negative consequences as well, because a zones imbalance allows the spreading of the crisis throughout the whole global financial system. The current crisis emphasized the need for new global governance, an economic one, in order to limit the duration and the magnitude of the recession, and a monetary-financial one, in order to prevent or, at least, to limit the future crisis (Levy-Lang A, 2009).

The international annual reports in this field emphasize the fact that in the last ten years we witness an important diversification of the portfolio for real estate investments and its actors. The emergence of new segments of investors, with innovative state of the art strategies has revolutionized profoundly the real estate industry and it has relaxed, from a financial point of view, the real estate market for investments in an uneven manner. Even so, the financial crisis persists and there is evidence that in some regions it has become more frequent and more grisly (Caprio and Klingebiel 1997). Considered, on the one hand, the main author of the triggering of the global economic crisis, and, on the other hand, a support pillar in the revival of the economic growth, the real estate market is not just an economic pretence, but a reality in the past and future in defining the global tendencies of the worldwide economy. The real estate investments are a challenge for all the parties that are involved:

- The bidder, in his quality of builder or owner of the real estate, because he is the purpose of the business itself through which it is expected a gain with a multiplier effect on future fluxes
- The financing institutions, as beneficiaries of the cashed interests at the granted credits, a product category that has an important share in the banks and other credit institutions activity
- The state through the collections brought to the budget as an effect of the implementation of the fiscal policies
- The solicitor, in his quality of user of the employment of the purchased value and as beneficiary of credits in convenient conditions.

Furthermore, at a macroeconomic level, the impulsion of the real estate investments generates important effects through:

- The creation of a symbiosis between the real estate market, the financial market and the capital one
- The growth of the Gross Domestic Income (GDI)
- The decrease of the unemployment rate through the creation of working places in the adjacent fields
- The improvement of the quality of life
- Economic growth

The current conjuncture proves that the real estate field has a powerful impact on the economy of a state through the creation of new value.

The papers studied for the elaboration of this article lead us to the conclusion that the real estate investments, though at present they are characterized by a great spatial and structural mobility, in the near future they will have to obey certain conditions in order to frame the coordinates of the real estate market in the

global approach of development on sustainable criteria (Nappi-Choulet I., 2009). The spatial constraint, the overcrowding noticed in the last few years in certain areas of the Globe, led to the changing of the vision on regional real estate investments as well as on the conceptual areas of approaching businesses. The main implications refer to the choosing of the building materials, the building process and the extension of the buildings' endurance (Toller et al., 2013).

Another characteristic of the real estate market in the last few years is represented by the investments in international properties, among the reasons is being mentioned the better flow than in the case of the assets from the internal markets.

2. Fundamental characteristics of the real estate market

No matter the geographical coordinates and its type (residential, commercial, industrial, and agricultural or with special character), the real estate market differentiates itself from all the other categories of markets of products or services due to its complexity and its peculiarities (Anghel I., 2013):

- It is a material market in which each product is unique and placed on a fixed location.
- It addresses a narrow segment of customers, because the sales and purchases' number within the limits of a time and spatial frame is limited.
- The real estate market is very sensitive to the fluctuations of the economic-social phenomena (the unemployment evolution, the rising of the salaries, financial stability, demographic dimension etc) because the value of the real estate properties is big and it needs a high purchase power.
- The selling-purchase decisions depend in a great measure of the financing modalities that are chosen, by the value of the credit that can be obtained, by the lending conditions (the value of the advance money, the interests' rate, the duration of reimbursement, the required warranties etc).
- Between the supply and demand it tends to be a permanent imbalance because the big duration of execution of the real estate products and the obtaining of the financing does not offer warranties and certitudes on the moment of the transaction.
- Unlike other markets, the real estate one does not self regularize, but it is strongly regularized through the state's and local authorities' intervention.
- Through its nature the degree of information of the buyers and sellers regarding the offer price or past transactions with similar properties is reduced because the data are not available immediately.
- The real estate market does not include standardized products, and this is the reason why the behavior of the customers cannot be anticipated.
- In the real estate field the volatility of the demand is big, because there can be important changes in the structure and the size of the population.
- The real estate market presents a small degree of liquidity. The real estate properties are durable products, that can be transacted at big time intervals, because they have high values and the financing cannot be obtained immediately (Hristea, 2013).

A fundamental characteristic of the real estate market is the major impact that the psychologic factor has on the rapid and brutal movement of prices. In one of his interviews Robert Shiller, a Yale University professor, said that in the real estate the perception of the real estate properties as an investment determines cycles with a speculative character (Shiller, 2012). The real estate market is dominated by irrational exuberance and in consequence it is a very risky sector. From this point of view the real estate market from Romania can be compared with the development of a wild animal: you don't know what it is going to do from one minute to another (Gheorghiu, 2013). The permanent analysis of the market is the base for the determination of the best utilization of a property. An existing construction or a construction that is made for a certain utilization can be accepted, depending on the criteria of the financial feasibility and of the maximum flow, only after it has been proven that there is an adequate confirmation on the market for the existence of that utilization (IROVAL,

2007). Deeper analyses go to the specification of the character of these confirmations and such studies can determine marketing strategies for an existing or proposed property, can define the design characteristics to a real estate developing or they can help the estimation of the market share that the property can have, as well as the probable absorption rate.

3. The real estate market at drift?

3.1. General aspects

Based on an unprecedented economic growth, the geographical boom of the real estate market before the start of the economic crisis at the end of the last decade was impressive, without anyone thinking of the possibility of a future decline. For years the field of the real estate construction balanced the GDI of many states, the request for human resources on the work market in the real estate field was in a continual ascension and the internationalization of the markets led to the intensification of the processes of delocalization and transnationalization of the economies (Niculescu, 2009). During the economic boom of 2005-2008 the cost of the mortgages was less important for the population that wanted a home, much more important it was the maximum sum that they could borrow. Practically, most of the citizens were in a rush to buy thinking that in the following year the prices will be much bigger.

The start of the financial crisis at the beginning of 2007 complicated the rhythm of the global economy and it has changed the strategic and politic way of thinking of the national economies. In an ample study made recently by the renowned American publication *The Economist* it is showed that in the last years the real estate market has become instable, the prices vary very much from one period to another and no one can anticipate with accuracy where the real estate market is headed on a short, medium and long term.

The accentuation of the speculative character in some states makes that many of the transactions with real estate's can no longer be controlled through economic levers and opportunities take the place of previsions, calculations and scientific arguments

3.2. Short retrospective of the real estate market

In the last years, because of the accentuated monetary and financial crisis, the real estate market was marked by tensions and contradictory evolutions. At present, at least six traits define the real estate sector:

- Reduction of de prices: The global economic crisis affected all the sectors of the national economies, and the real estate market was no exception. The sensible growth of the prices for homes and commercial properties until 2012 transformed into the main cause for the diminishing of the volume of real estate sales. In the last two years this constraint led to the stagnation of real estate constructions, an effect that was felt at the level of the macroeconomic indicators. Though in some countries there is recorded a slight diminution of the prices of the real estates, this is correlated in reality with the lack of the demand as an effect of the growth of the rate of unemployment and of the purchasing power, with the inflation and the fiscal policies, so that, at a careful analysis, we notice in fact a diminishing of the nominative prices, and not of the real ones. A proof is the lack of balance between the real estate supply and demand.
- The escalation of the costs for the given credits: The reports that were presented by specialists in this field indicate that in the majority of the European countries there is an escalation of the interest rates for the mortgages, due to the deterioration of the economic and financial situation from the last years, reflected in the increase of the country risk.
- The diminishing of the state's support: In most countries the help given for supporting the real estate investments by the state was diminished in order to reduce the public deficits that were too big.

- The tightening of the taxation: Besides the diminishing of the state's help for the purchasing of real estates, in the last years the governments launched measures to increase the degree of taxing, in order to maintain financial stability.
- The deepening of the effects of the global crisis: Although the real estate market registered a tendency of reducing the transaction prices and an increase of the lending rates, for the greatest part of the unsatisfied demand the conditions are unacceptable, due to the limited incomes of the population, a fact that does not allow the establishing of equilibrium between the supply and demand.
- The accentuation of the migration phenomenon of the active population: The phenomena of globalization and regionalization had big effects on the population of the world's states. In the last two decades a big part of the work force from some developing countries emigrated towards the more developed industrialized countries, leading to an overpopulation of some geographical regions. In these conditions, the real estate sector of the receiving countries registered an extension of the boom, based on the increase of the demand for rented houses or even purchased ones. In these conditions, in the lack of some economic and social measures, at least for the next few years, in the countries issuing of human resources it is to be expected a stagnation of the real estate market.

4. Evolutions and tendencies of the international real estate market

The recent international reports indicate important mutations in the structure of the real estate investments at a global level. The statistics show that the potential investors have changed their preferences and their geographical destinations. "The financialization" of the real estate sector is translated through the entrance of foreign actors onto the national markets that consider the real estate property as a class of actives with a high potential for growing (Nappi-Choulet, 2013). The financial approach of the real estate field has lead to the defining of some new strategies that are based on the analyses of the real estate risk and on new objectives of performance and flow, in which the impact and the territorial implications occupy an important place.

According to Global Capital Conference Barometer the total volume of the transactions from the first quarter of 2013 from real estate was 214 billion dollars, increasing with 23% compared with the same period from last year.

At a European level countries like France, the UK, the Netherlands, Switzerland, Sweden etc, due to the high level of development that they reached can be considered real experts in the technique of the real estate transactions. In the last years the internationalization of the markets is a solution for the revival of the field of the real estate constructions as well as for the creation of new niches.

After a period of economic uncertainties and social anachronisms, in 2013 the real estate markets from the majority of European countries show the first signs of recovery, that coincide with the start of the economic revival and of the customers' trust.

In Great Britain the stimulation of the purchasing of houses through the adoption of some measures that are included in the budget for 2013 was reflected in a recovery of the demand for real estate properties. For the first time in the last two and a half years the real prices increased, and in the second quarter of this year they were above those recorded in the same period of 2012. We can notice the fact that in the last five years due to the limitation of the construction of new houses the real estate prices were not reduced.

In Sweden and Switzerland in the same period of analysis the real prices also had positive evolutions.

In the last years the greatest abnormality on the map of Europe is represented by Germany where prices continued to escalate in average by 2.7% without destabilizing the market.

In Ireland the demand was market by a slight growth, in the conditions in which the prices of the real estate products reached minimum levels. Despite all this the record mortgages arrears, which exceed 12% from the total of credits, are at the present moment a major obstacle for the durable recovery of the mortgage market.

France, although it is considered an attractive country for real estate investments, under the aspect of

transactions recorded a throwback in the last year. Related to the population's standard of living, France is, even now, the most expensive European nation, the real estate recording overvaluations up to 50%. After a period of growth, the prices had a decrease in the first months of 2013, without big effects on the demand, a situation that is explained by the international crisis with different facets and through the exceeding volume of the real estate offer. In the third quarter of 2013, compared with the same period of the previous year, the investments in old real estate diminished by 5.8% and the slowing of the construction rhythm manifested itself through the penury of new houses. The experts consider that even in the case of a fall of the prices the effects will be less catastrophic for France compared to Spain.

A situation less favourable is found in the "peripheral" European countries, Spain remaining the nation most affected by the economic crisis. Despite the real estate crisis, surprisingly, Spain is a strong contestant for France in the matter of overvaluation, the prices being about 20% bigger than the real value. Although the prices slowed the rhythm of their decrease (-9.3% in 2012), the market's recovery perspectives on a short term are limited because the unemployment rate has record levels of 25% and as such the internal purchasing power is close to the inferior threshold.

In Cyprus, country that is in full banking crisis, at the level of the first quarter of the current year, the prices of homes decreased by 1.6%, and the sales volume was reduced by 49.2% compared with the same period of last year. The critical situation seems to continue in the following period, according to the prevision made by the Central Bank of Cyprus that anticipates the decrease of the prices of the real estate properties with about 5.4% at the level of the whole 2013, compared to last year.

A characteristic of the European real estate market is the promotion of international non-European fluxes that, in the first quarter of 2013 represented 24% from the total volume of recorded investments. The international reports show an increase of the total value of investments that come from Asia, Canada and the Middle East, against the North-American ones, from 10 billion Euros in 2009 to 27 billion Euros in 2012. The unprecedented economic growth from the Asia-Pacific area that was anticipated two decades ago seem to be confirmed today (Hristea, 1997). A new generation of "Asian tigers" from the Asia-Pacific area tends to play a historic role on the European markets with the desire to diversify its portfolio. From 2009 up to now the total value of the Asian investments on the European markets is situated at the level of 10 billion Euros, among them standing out countries like China, South Korea and Malaysia. In the top of the investments it follows USA with 9 billion Euros, Middle East with over 7 billion Euros and Canada with 6 billion Euros. As interest areas are aimed mostly the developed European countries.

The Asian specialists consider that once the aversion towards risk is reduced the investors should manifest interest for the developing of the options to expand on the medium European markets that offer attractive prices and liquidities.

On the internal level, the majority of the Asian real estate markets resist against the slowdown of the regional growth. In spite of the official intervention to decelerate the request for credits in the last years, in the second quarter of 2013 the real prices of houses grew in the majority of the big cities in China.

The real estate markets from Australia, Indonesia and Thailand recorded a big growth between April and June 2013, while in South Korea and India the prices decreased slightly due to the lack of demand.

Considered one of the most attractive areas of the Asia-Pacific region, Thailand is a country that is open wide towards foreign investments and tourism. The real estate sector incorporates the highest construction and design standards, so that the international demand for purchasing and renting of houses is fully justified. After the Asian crisis from 1997 when the economic miracle was baffled, Thailand and the other "big and small Asian tigers" adopted rigorous monetary and budgetary policies that ensured in time sustained economic growth and trust on the investors market.

Considered a unique touristic region through its characteristics, with over 22 million tourists a year, according to the analysis of HSBC International 2012, Thailand has become one of the countries that offer the best flows at the renting and selling of real estate (6.8%).

In 2012 in Hong-Kong it was recorded the most spectacular increase of the real estate prices so that, in order to prevent the emergence of some insurmountable risks, only the government's intervention calmed the situation.

On the market from Latin America the image of the real estate market is mixed. Chile, Peru and Columbia have a sudden growth of the real prices, sustained by the really high internal demand and by the occupation of the work force market that is relatively high. In Mexico the high inflation from recent time puts a break on the modest growth of the face value, in the constant try to maintain constant the real price of the real estates. It goes without saying that the price is the condition of the equilibrium between supply and demand, but the crisis of the last decade makes this balance difficult to reach and the duration of its maintaining is shorter and shorter. Furthermore the deterioration of the economy and the high interest rates for the given credits led to the sudden slowing down of the real estate market in Brazil, a country that was until recently in full bloom.

In the real estate field The United States of America remain in the upper part of the international top. At the beginning of 2013 there was recorded a grow of 4.6% of the prices compared with the previous year. Related to the level of rents, the prices of the houses are undervalued by 7%. Making a comparison with the population's income the discrepancy is of 20%. In the second quarter of 2013, the prices of the real estate products were matched in relation to the inflation rate, in average by 8%. The moderate growth of the occupation degree of the work force that was recorded in the last months lead to the decrease of the number of real estates that are unsold and to the diminution of the cases of reselling of the properties by the owners that are in insolvency, as a result of the impossibility to maintain the costs of the credits. In 2014 there is expected a revival of the real estate market through the increase of the share of the mortgages credits and the slight relaxation of the lending conditions. After many years of decline, in the second part of 2013 there is an important demand for houses, a tendency that seems to maintain even in 2014.

The real estate market remains very active in Canada, being sustained by the decrease of the credits' costs and by the reasonable state of the work force occupation. By the half of 2013, on the account of the very reduced indebtedness' costs and the increase of the average incomes, that allowed the maintaining of the market prices at a very high level, the demand for houses was in a slight ascension. Although the prices kept rising, the rhythm has slowed down, from +7.1% in 2011 to +3.3% in 2012. In the last period, the repeated governmental interventions for the tightening of the mortgages clauses and of the directives in the lending field reduced the market's impulse and generated a certain volatility of it. The increase of the interest's rates can determine in 2014 a slight decrease of the real estate demand. As a solution to the anticipation of the measures to "normalize" the monetary policy, a part of the Canadian population resorts to refinancing credits with small interests, with a duration of 3-5 years in order to protect itself of the new conjunctures that may appear.

With the high probability, the moderate growth of the interests' rates combined with the slowing down of the economic growth and the stagnation of the degree of occupation of the active population will create difficulties in the balancing of the Canadian real estate market in these last months of 2013 and in 2014. Despite this, in the absence of some adverse shocks, like the creation of an unemployment wave, the risk of the prices' correction will remain relatively reduced. In the case of the decrease of the real estate demand, in order to reduce the excess of unsold houses it will resort to the limitation of the field of construction of new houses.

Despite present uncertainties, the previsions regarding the evolution of the international real estate market in the next period are optimistic. In the next 12 years, the global market of this sector will rise by 6300 billion dollars, respectively by 70%, supported by the emergence of a new generation of "Asian tigers". In the Global Constructions Report 2015 it is shown that by 2025 the sector of real estate constructions will represent 13.5% from the world's Gross Domestic Income, based on the rise of the population in the developed countries and on unprecedented accentuation of the urbanization process. The emerging markets India, China, Qatar and Chile will become main global actors, because they have a great growth potential and smaller risks.

5. In which countries should we invest in 2014?

The protecting of the savings from the effects of the crisis through investments in real estate products has become a reflex in the last years. From the European citizens' point of view the question that appears is: in what country should we invest in order to produce and to have a good financial flow? To answer that, the specialists in this field made analyses regarding the best opportunities of the near future.

The investments made abroad have higher risks because the owner will not ensure a physical permanence in order to manage his real estate goods, there can appear construction problems or a tenant's one from one day to another, or banks can close or bankruptcies can happen. The solving of these inconveniences takes time and this time loss generates losses. In the analysts' opinion the best countries in the world for real estate investments must combine two aspects: performance opportunities with economic-financial stability.

If a choice must be made, even if the current crisis continues, the specialists recommend investing in a European country. This happens because the crisis cannot be eternal and, furthermore, it favours' the investors that are willing to take at risk now, by offering them lower prices. In certain geographical areas never has "the stone" cost less and the interest rates continue this decrease trend.

Some European countries are much more affected by the decline of the prices, compared to others. It is Spain's case where the current economic condition reduces excessively the demand. At all the real estate categories the prices decreased because of the high supply that exists. But in order to invest in Spain one must know where and when to buy or who or what to avoid. Once the methods and techniques are acquired, anyone is free to form his own opinion regarding the decision to invest in this country full of history, locations and unique tourism. In some Spanish cities the price of a house is about 20% lower than the previous year. Some specialists consider that the process will continue even up to the end of the current year, but this cannot be a reason for waiting, because true bargains might be lost this way. According to the Euroconstruct Instituto Tecnológico Report from the Construcción de Catalunya the construction of new houses will begin to rise for the first time after six years of stagnation, with 5% in 2014 and 15% in 2015.

And in the real estate field there is one clear rule: opportunities pass, so they must be seized in time.

6. The real estate market in Romania – retrospective and previsions

Unlike the other European countries, where there exists a tendency to increase the share of the financing of the real estate field from non-banking sources, the Romanian real estate market remains anchored in the bank credits, as a result of the "primitive" development of the capital market. Despite this, according to the most recent data base published by the European Office for Statistics Eurostat (2011) Romania is the country with the highest number of owners of houses in Europe, 96.6% of Romanians owning a house. In this top it is followed by Lithuania (92.3%) and Croatia (92.1%). The last place of this top belongs to Switzerland with a property share of 43.8%, most of the owners having a credit or a mortgage on the house.

Lately the Romanian real estate environment became more stabile for transactions. According to the data given by the National Agency of Cadastre and Real Estate Properties, in the first eight months of 2013 the number of real estate transactions increased by 17.5% compared with the same period of last year, reaching a number of 530.314. In 2012 the value of the transactions made in Romania was of about 340 million Euros, 20 million more than the previous year. From the total value, about half were handled in Bucharest, the other transactions being made in the big cities: Timisoara, Sibiu, Brasov and Pitesti. The structure of the transactions is very complex including houses, offices, lands etc.

Starting with 2008 the prices of the houses, especially in the big cities, dropped by almost 55% after an overvaluation of them for more than 15 years. From a statistic point of view, a big problem for Romania is represented by the absence of a coherent and unitary report that presents the reality of the real estate market from the last years. In some specialists' opinion it is just this lack of real statistics and predictability limits the

interest of foreign investors for the Romanian real estate market.

A characteristic of Romania is the fact that starting with 2009 the government has given an important support to the residential real estate market, through the program “The first house”, the beneficiaries being private individuals that do not own a personal house bigger than 50 m². In the terms of this program, the banks give credits with low interest rates and an advance of only 5%. The highest value of the credits given through “The first house” program was recorded in 2012 and it reached the sum of 1 billion Euros. Starting with 2013, for financial reasons, there was adopted the decision to give credits in RON.

Following the example of other countries, the promotion of the real estate investments at an international level has become a common practice for Romania also.

Among the most relevant advantages that can attract foreign investors we include:

- The excellent geographic location at the intersection of the communication paths between East Europe, West Europe and Asia
- Access to fluvial and naval navigation
- The diversity of natural resources
- Vast and fertile agricultural lands
- Huge touristic potential, insufficiently explored at the present moment
- Qualified work force, diversified industrial structure, a legislation that is favorable to foreign investors
- Competitive and stabile fiscal policy, with taxes on profit, dividends and incomes that are among the lowest in European Union
- Important financial support through structural and national funds for the development of the infrastructure etc

Why should you invest in Romania?

At least the following arguments come to answer this question:

- The market prices are inferior to the one from the European Union’s countries
- The tax on the income from the selling of the real estate is the lowest in Europe (2-3%)
- There exist bilateral conventions in order to avoid the double taxing
- There exists a cadastral organization, blueprints of the real estate’s situation and urbanism ones, as well as other documents that ensure the existence of the real estate products
- Mortgages that are a lot smaller compared with the European average
- The obtaining of real estate credits by any citizen in certain conditions (up to 75% from the value of the real estate goods)
- Important direct foreign investments in the construction field
- Developing tourism that creates numerous opportunities

The previsions regarding the real estate market in 2014 seem to offer opposite versions. After about five years of decline of the real estate market, accentuated by the global financial crisis, the specialists have two versions of the market’s evolution for the following period. On the one hand the majority of specialists in this field consider that the Romanian real estate market will become stabile, because there are no more reasons for the decline to continue. Reason in this vision is the fact that the government managed to stabilize the national economic decline. Furthermore, the government will continue to support “The first house” program that wants to be modified into “The new house” program, where only new houses will be purchased.

Other analysts in the real estate field consider that the real estate market might continue its decline, because the rent levels was significantly reduced – by approximately 49% compared to 2008, and in the current conditions of the Romanian economy, when the purchasing power is still reduced, the interested population affords to rent rather than to buy a house. Still, there is to be expected that in the next months the prices for old houses to drop, because through the introduction of “The new house” program support and governmental warranty will be given only for the new houses. In these conditions, in the last months, many old houses were put on the market because the owners do not want to remain with them unsold.

In conclusion, according to the real estate experts if “The new house” program will be implemented then there is to be expected a noticeably increase of the demand for new houses and a drop of the prices for old houses, and, if this program is not approved, surely we will register a stagnation or even a slight decrease of the real estate market.

7. Conclusions:

The taking of the decision to purchase a real estate is influenced by a multitude of factors:

- Estate duty
- The government’s decisions regarding the giving of subventions for mortgages payments
- Value added tax
- The rising of the value in time
- The size of the credits accepted for lending
- The costs of the borrows
- The size of the supplementary costs

All these elements influence the decision to purchase or rent a real estate. The way in which the government chooses to regulate and to participate at these costs have a decisive impact.

Investors that are not specialized in the real estate field have at least three reasons that justify the placing of financial resources in real estate’s:

- The diversification of the global portfolio to diminish the risks
- An adjusted attractive performance
- Protection against the inflation

The taking of the investment decisions must be associated with the multitude of implied risks:

- country risk and currency risk
- real estate market and locative risk
- judicial risk
- natural risk

The main causes of the attenuation of the increase of the real estate market in Europe are:

- The unemployment rate
- The recession and the slowing of the economic growth
- The decrease of the purchasing power
- The debt’s crisis in the Euro area
- The profound economic crisis that affected countries from the South of Europe and accentuated the risk
- Political and social solidarity instability

According to the estimations, two thirds of the global constructions will be centered in China, India and The United States of America.

New “Asian tigers”: Vietnam, Indonesia, The Philippines will support the emergent activity from Asia and they will help propel the regional economic growth

According to the estimations after the number of houses, Indonesia will become the first residential market of the world and will surpass The United States of America as rhythm of constructions

In the specialists’ opinion the European real estate market will maintain its agony and disorientation state in the next years. Among the causes we could mention: the high supply of houses, the restructuring of the banking system, the increase of the unemployment, that is already at high levels in many countries, the sub feverish condition of the real estate market that gives signs that is becoming a chronic disease, the interest of the non-European people for the old continent etc.

The African continent, whose geographic and demographic potential cannot be neglected, can become in the following years a paradise of the real estate market

The overcome of the economic and financial crisis are the headstone of the real estate market.

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